

**SILVER CREEK TOWNSHIP
CASS COUNTY, MICHIGAN**

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTAL MATERIAL**

YEAR ENDED MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Silver Creek Township	County Cass
Audit Date 3/31/04	Opinion Date 11/3/04	Date Accountant Report Submitted to State: 1/7/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

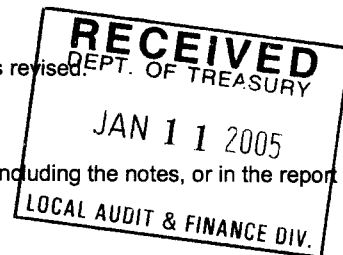
We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

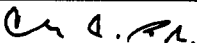
You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).



We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Charles C. Ross, C.P.A., P.C.			
Street Address 103 Pennsylvania Avenue	City Dowagiac	State MI	ZIP 49047-0058
Accountant Signature 		Date 1/7/05	

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CASS COUNTY, MICHIGAN
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SILVER CREEK TOWNSHIP
CASS COUNTY, MICHIGAN

TOWNSHIP BOARD

Robert Ausra	Supervisor
Walter Lehmann	Clerk
Marie Huff	Treasurer
Joe Moore	Trustee
Doug Swisher	Trustee

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Silver Creek Township
Cass County, Michigan

I have audited the accompanying general purpose financial statements of Silver Creek Township as of March 31, 2004 and for the year then ended, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Township Board of Silver Creek Township. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Silver Creek Township, as of March 31, 2004, and the results of its operations for the year ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial statements listed as supplemental material in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Silver Creek Township. The information has been subjected to the audit procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

C. C. R., C. P. A., P. C.

Dowagiac, Michigan
November 3, 2004

SILVER CREEK TOWNSHIP

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS			
Cash	\$ 900,943	\$ 152,144	\$ -
Investments	-	-	-
Receivables			
Taxes	11,313	12,605	-
Due from other funds	9,715	-	-
Due from other governments	15,040	-	-
Special assessments	-	-	-
Other	-	39,159	-
Property and equipment - net	-	-	-
Deposits	-	-	-
TOTAL ASSETS	<u>937,011</u>	<u>203,908</u>	<u>-</u>
LIABILITIES			
Accounts payable	-	2,998	-
Due to other funds	-	9,393	-
Due to other governments	-	-	-
Deferred revenue	3,813	-	-
Contract payable - current	-	-	-
Contract payable - non-current	-	-	-
Accrued interest	-	-	-
TOTAL LIABILITIES	<u>3,813</u>	<u>12,391</u>	<u>-</u>
FUND EQUITIES			
Investment in general fixed assets	-	-	-
Fund balance			
Reserved	-	-	-
Unreserved - Designated	-	-	-
Unreserved - Undesignated	933,198	191,517	-
Retained earnings	-	-	-
Contributed capital	-	-	-
TOTAL FUND EQUITIES	<u>933,198</u>	<u>191,517</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 937,011</u>	<u>\$ 203,908</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	2004	2003
Enterprise	Agency Funds				
\$ 941,295	\$ 2,957	\$ -	\$ -	\$ 1,997,339	\$ 1,932,816
74,925	-	-	-	74,925	74,472
-	-	-	-	23,918	20,309
-	-	-	-	9,715	80,210
9,038	-	-	-	24,078	24,891
199,323	-	-	-	199,323	244,541
11,155	-	-	-	50,314	50,314
1,698,188	-	242,482	-	1,940,670	1,990,731
-	-	-	-	-	-
<u>2,933,924</u>	<u>2,957</u>	<u>242,482</u>	<u>-</u>	<u>4,320,282</u>	<u>4,418,284</u>
-	-	-	-	2,998	1,615
322	-	-	-	9,715	80,210
-	2,957	-	-	2,957	2,957
-	-	-	-	3,813	3,483
100,000	-	-	-	100,000	100,000
434,712	-	-	-	434,712	517,164
-	-	-	-	-	-
<u>535,034</u>	<u>2,957</u>	<u>-</u>	<u>-</u>	<u>554,195</u>	<u>705,429</u>
-	-	242,482	-	242,482	229,656
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,124,715	1,076,630
(257,581)	-	-	-	(257,581)	(187,708)
<u>2,656,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,656,471</u>	<u>2,594,277</u>
<u>2,398,890</u>	<u>-</u>	<u>242,482</u>	<u>-</u>	<u>3,766,087</u>	<u>3,712,855</u>
<u>\$ 2,933,924</u>	<u>\$ 2,957</u>	<u>\$ 242,482</u>	<u>\$ -</u>	<u>\$ 4,320,282</u>	<u>\$ 4,418,284</u>

SILVER CREEK TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2004

	General	Special Revenue	Debt Service
REVENUES:			
Taxes	\$ 171,945	\$ 187,051	\$ -
State grants	236,427	1,925	-
Interest	6,718	1,152	-
Other	23,095	62,929	-
	<u>438,185</u>	<u>253,057</u>	<u>-</u>
TOTAL REVENUES	<u>438,185</u>	<u>253,057</u>	<u>-</u>
EXPENDITURES:			
Current			
General government	210,891	-	-
Public safety	-	214,030	-
Public works	137,083	-	-
Health and welfare	-	-	-
Planning commission and zoning	17,396	50,931	-
Capital outlay	12,826	-	-
	<u>378,196</u>	<u>264,961</u>	<u>-</u>
TOTAL EXPENDITURES	<u>378,196</u>	<u>264,961</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	59,989	(11,904)	-
OTHER FINANCING SOURCES AND (USES)			
Operating transfers	(20,000)	20,000	-
	<u>39,989</u>	<u>8,096</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	39,989	8,096	-
FUND BALANCE, beginning of year	893,209	183,421	-
FUND BALANCE, end of year	<u>\$ 933,198</u>	<u>\$ 191,517</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Totals
(Memorandum Only)

2004	2003
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\$ 358,996	\$ 318,758
238,352	255,262
7,870	26,502
86,024	129,497

691,242	730,019
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210,891	175,966
214,030	185,229
137,083	94,861

-	-
68,327	110,055
12,826	7,554

643,157	573,665
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48,085	156,354
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48,085	156,354
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1,076,630	920,276
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\$ 1,124,715	\$ 1,076,630
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SILVER CREEK TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Taxes	\$ 170,000	\$ 171,945	\$ 1,945
State grants	210,000	236,427	26,427
Interest	8,000	6,718	(1,282)
Other	35,450	23,095	(12,355)
TOTAL REVENUES	423,450	438,185	14,735
EXPENDITURES			
Current			
General government	270,193	210,891	59,302
Public safety	-	-	-
Public works	156,600	137,083	19,517
Planning commission and zoning	20,062	17,396	2,666
Capital outlay	46,000	12,826	33,174
TOTAL EXPENDITURES	492,855	378,196	114,659
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(69,405)	59,989	129,394
OTHER FINANCING SOURCES AND (USES)			
Operating transfers	85,000	(20,000)	(105,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	15,595	39,989	24,394
FUND BALANCE, beginning of year	893,209	893,209	-
FUND BALANCE, end of year	\$ 908,804	\$ 933,198	\$ 24,394

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 187,051	\$ 187,051	\$ 170,000	\$ 358,996	\$ 188,996
2,000	1,925	(75)	212,000	238,352	26,352
-	1,152	1,152	8,000	7,870	(130)
-	62,929	62,929	35,450	86,024	50,574
2,000	253,057	251,057	425,450	691,242	265,792
-	-	-	270,193	210,891	59,302
44,020	214,030	(170,010)	44,020	214,030	(170,010)
-	-	-	156,600	137,083	19,517
-	50,931	(50,931)	20,062	68,327	(48,265)
-	-	-	46,000	12,826	33,174
44,020	264,961	(220,941)	536,875	643,157	(106,282)
(42,020)	(11,904)	30,116	(111,425)	48,085	159,510
25,000	20,000	(5,000)	110,000	-	(110,000)
(17,020)	8,096	25,116	(1,425)	48,085	49,510
183,421	183,421	-	1,076,630	1,076,630	-
\$ 166,401	\$ 191,517	\$ 25,116	\$ 1,075,205	\$ 1,124,715	\$ 49,510

SILVER CREEK TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - PROPRIETARY FUND TYPES
YEAR ENDED MARCH 31, 2004

	<u>Enterprise</u>
OPERATING REVENUE:	
Charges and fees	<u>\$ 103,932</u>
OPERATING EXPENSES:	
Billing and monitoring service	66,493
Sewer disposal service	18,336
Miscellaneous	27
Electric	2,928
Telephone	2,388
Clerical	1,000
Legal	-
Labor	-
Repair	4,728
Supplies and postage	29
Audit	-
Insurance	2,516
Contractor services	2,846
Maintenance	-
Fuel	-
Payroll taxes	-
Depreciation	<u>62,887</u>
Total operating expenses	<u>164,178</u>
Operating income (loss)	(60,246)
NONOPERATING REVENUES/EXPENSES:	
Gain on disposal of net assets	-
Investment income	44,826
Interest expense	<u>(54,453)</u>
Net income	(69,873)
Retained earnings - beginning of year	<u>(187,708)</u>
Retained earnings - end of year	<u><u>\$ (257,581)</u></u>

The accompanying notes are an integral part of these financial statements.

SILVER CREEK TOWNSHIP
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
YEAR ENDED MARCH 31, 2004

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income (loss)	\$ (69,873)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	62,887
Increase in investments	(453)
Decrease in special assessments receivable	45,218
Increase in due from other governments	-
Decrease in deposits	-
Decrease in accounts payable	-
Increase in due to other funds	-
Decrease in bond deferrals	17,548
	<u>-</u>
Total adjustments	125,200
	<u>55,327</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
	<u>55,327</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net effect of disposal of net assets	-
Principal payments on county contract	(100,000)
Receipt of capital contributions	62,194
	<u>62,194</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	
	<u>(37,806)</u>
Net cash increase for the year	17,521
Cash - beginning of year	923,774
	<u>923,774</u>
Cash - end of year	<u>\$ 941,295</u>

The accompanying notes are an integral part of these financial statements.

SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE A - SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the Township conform to generally accepted accounting principles applicable to local units of government, except for the Schedule of General Fixed Assets as discussed on page 12 in the Property and Equipment section. The following is a summary of the more significant policies:

1. The Reporting Entity

The Township has adopted the position of the Governmental Accounting Standards Board regarding the definition of "reporting entity". The basic criteria for including a governmental organization in a governmental unit's general purpose financial report is the exercise of oversight responsibility over the governmental organization unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

There are no entities over which the Township exercises oversight responsibility.

2. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into six generic fund types and account groups and four broad categories as follows:

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

2. Fund Accounting - Continued

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments) that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUND TYPES

Enterprise Funds

These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

Trust and Agency Funds

Trust and Agency Funds account for assets held by the Township in a Fiduciary capacity. Receipts and expenditures of each fund are governed by statutes and ordinances.

ACCOUNT GROUPS

General Fixed Assets Account Group

General Fixed Assets Account Group includes general fixed assets acquired principally for general Township purposes.

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied.

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

The proprietary funds are accounted for using the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned, and expenses are recognized when incurred. Interest on a contract payable to Cass County, the proceeds of which are used in financing the construction of the Indian Lake Sewer System, is capitalized during the construction period net of interest on the investment of unexpended proceeds.

4. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

The Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan requires that all governmental fund types annually adopt balanced budgets on the modified accrual basis of accounting.

Budgets for the governmental fund types are adopted on the modified accrual basis. This is consistent with generally accepted accounting principles.

During February, the Township clerk submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

4. Budgets and Budgetary Accounting - Continued

Public hearings are conducted by the Township Board to obtain taxpayers' comments.

On the first meeting in April, the budget is legally enacted through passage of a resolution.

5. Property and Equipment

Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditure. The Schedule of General Fixed Assets reflects the assets at the estimated historical cost as actual cost records are not available; this is not in conformity with generally accepted accounting principles. Depreciation is not provided for assets recorded in the General Fixed Assets account group.

Property and equipment acquired or constructed in the proprietary funds are capitalized in the specific proprietary fund.

Depreciation of exhaustible fixed assets used by the proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary fund's balance sheet. Depreciation has been calculated using the straight-line method, with one-half year's depreciation in the year of acquisition. Estimated useful life of the sewer system has been determined to be 40 years.

When assets are retired or otherwise disposed, the estimated cost is removed from the accounts. No gain or loss is recognized. Maintenance and repairs are charged to operations as incurred.

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Revenue Recognition - Property Taxes

The Township acts as a property tax filing and collection agent for the Township, the Dowagiac and Eau Claire School Districts, and Berrien and Cass Counties. These taxes are billed on December 1 and are due without penalty on February 28. The School Districts, the Counties, and the Township are paid weekly their proportionate share as taxes are received.

The Township's uncollected property taxes are recorded as assets in the General Fund of the Township. Property taxes that are not collected within sixty days of the end of the fiscal year are treated as deferred revenue.

7. Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

Cash-

Silver Creek Township's policy is to invest excess cash in certificates of deposit and savings accounts with an area bank. The carrying amount of deposits are displayed on the balance sheets as "Cash". At year end, the carrying amount of the Township's deposits was \$1,997,339 and the bank balance was \$2,034,020. Of the bank balance, \$800,000 was insured by the Federal Deposit Insurance Corp. (FDIC) insurance program, the remaining \$1,234,020 of deposits are uninsured.

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE B - CASH AND INVESTMENTS - Continued

Investments-

State statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; repurchase agreements, collateralized by U.S. Government securities; banker's acceptance; and mutual funds. Not more than 50% of any fund may be invested in commercial paper.

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name.

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Treasury Notes	-	-	-	-	-
Broker Cash	74,925	-	-	74,925	74,925
	<u>\$ 74,925</u>	<u>-</u>	<u>-</u>	<u>\$ 74,925</u>	<u>\$ 74,925</u>

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE C - CHANGES IN LONG-TERM DEBT

During the year ended March 31, 1990, a special assessment district was formed for the purpose of providing a wastewater sewer to the Indian Lake Area. This project will be financed by those property owners in the area who will be benefiting, in the form of a special assessment levied on frontage and a one time tap-in fee. Both the special assessment and the one time tap-in fee are due over periods ranging from 18 to 20 years with interest.

In connection with this project, the County of Cass, State of Michigan issued the Cass County Limited General Obligation Bonds (Indian Lake Sewer System) in the amount of \$2,595,000. On the balance sheet, the principal is net of original issue discount. This bond revenue is then used to finance the project. In December of 1989, the Township entered into a contract with the County of Cass to pay an amount equal to the principal and interest on this bond as it becomes due. Interest rates range from 5.5% to 10.5%.

During the year ended March 31, 1995, this issue was refunded in advance as discussed in more detail below. The contractual obligation with the County of Cass remains the same with respect to the new bond issue.

The following is a summary of changes in long-term debt for the year ended March 31, 2004:

	<u>April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2004</u>
1994 Issue	\$ 740,000	-	\$ 100,000	\$ 640,000

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE C - CHANGES IN LONG-TERM DEBT - Continued

The annual requirements to retire this debt as of March 31, 2004 is as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	100,000	33,955	133,955
2006	100,000	28,855	128,855
2007	105,000	23,655	128,655
2008	110,000	18,090	128,090
2009	115,000	12,150	127,150
Thereafter	110,000	5,940	115,940
	<u>\$ 640,000</u>	<u>\$ 122,645</u>	<u>\$ 762,645</u>

Advance Refunding

On April 14, 1994, the County of Cass, State of Michigan issued \$1,440,000 in general obligation bonds with interest rates ranging from 3% to 5.4% to advance refund \$2,400,000 of outstanding general obligation debt with interest rates ranging from 5.5% to 10.5%. Total proceeds of \$1,399,666 includes accrued interest of \$2,479. Underwriting fees and other issuance costs were approximately \$84,820. Net proceeds and cash from Silver Creek Township was used to purchase \$2,547,687 U.S. government securities deposited in an irrevocable trust with an escrow agent. Debt service payments on the refunded bonds will be paid from the irrevocable trust. As a result, the 1990 bond issue is considered to be defeased and the liability has been removed from the financial statements.

NOTE D - ACCOUNT WITH CASS COUNTY ROAD COMMISSION

The Cass County Road Commission does substantially all road improvements for Silver Creek Township. The funding of such projects is provided by Township and County residents. All disbursements to the Road Commission by the Township are included in the general purpose financial statements as an expenditure at the time of disbursement. Accordingly, a portion of the disbursement may represent an advance of road improvement funds before such project is begun or completed by the Road Commission.

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE E - GENERAL FIXED ASSETS ACCOUNT GROUP

The following is a summary of changes in the general fixed assets account group.

	<u>April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2004</u>
Buildings	\$ 163,503	\$ 4,858	-	\$ 168,361
Office equipment	40,931	7,968	-	48,899
Police equipment	4,545	-	-	4,545
Vehicles	20,677	-	-	20,677
	<u>\$ 229,656</u>	<u>\$ 12,826</u>	<u>-</u>	<u>\$ 242,482</u>

NOTE F - INTERFUND PAYABLES AND RECEIVABLES

Interfund balances at March 31, 2004 consisted of the following individual receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 9,715	-
Special Revenue Funds:		
Liquor Fund	-	\$ 5,267
Fire and Ambulance Fund	-	3,787
Construction Fund	-	339
Enterprise Funds:		
Sewer Fund	-	322
Dewey Lake Weed Harvester	-	-
	<u>\$ 9,715</u>	<u>\$ 9,715</u>

**SILVER CREEK TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE G - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The following enterprise funds have been created to provide various services to the public.

Sewer Fund - established to account for the operation of the Indian Lake Waste Water System.

Dewey Lake Weed Harvester - established to account for the Dewey Lake weed harvesting program.

Combined segment information for these Enterprise Funds is summarized below for the year ended March 31, 2004:

Operating revenues	\$ 103,932
Depreciation	62,887
Operating income (loss)	(60,246)
Operating grants	-
Operating interfund transfers	-
Tax revenue	-
Net income (loss)	(69,873)
Current capital contributions	62,194
Property, plant, and equipment:	
Additions	-
Dispositions	-
Net working capital	936,091
Total assets	2,933,924
Bonds and other long-term liabilities	
payable from operating revenues	-
Total equity	2,398,890

NOTE H - RISK MANAGEMENT AND LITIGATION

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. This year, as in past years, the Township has effectively managed risk through the purchase of commercial insurance policies.

The Township Attorney estimates that the amount of actual or potential claims against the Township as of March 31, 2004 will not materially affect the financial condition of the Township. Therefore, the General Fund contains no provision for, and the General Long-Term Debt Account Group does not present, estimated claims.

SILVER CREEK TOWNSHIP
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

	<u>Liquor Fund</u>	<u>Housing Rehabilitation Fund</u>	<u>Building Department Fund</u>
ASSETS			
Cash	\$ 1,872	\$ -	\$ 40,986
Receivables			
Taxes	-	-	-
Deferred loans receivable	-	39,159	-
	<u>1,872</u>	<u>39,159</u>	<u>40,986</u>
TOTAL ASSETS	<u>1,872</u>	<u>39,159</u>	<u>40,986</u>
LIABILITIES			
Accounts payable	2,998	-	-
Due to other funds	5,267	-	339
	<u>8,265</u>	<u>-</u>	<u>339</u>
TOTAL LIABILITIES	<u>8,265</u>	<u>-</u>	<u>339</u>
FUND EQUITIES			
Fund balance - unreserved, undesignated	<u>(6,393)</u>	<u>39,159</u>	<u>40,647</u>
TOTAL LIABILITIES AND FUND EQUITIES	<u>\$ 1,872</u>	<u>\$ 39,159</u>	<u>\$ 40,986</u>

The accompanying notes are an integral part of these financial statements.

Fire and Ambulance Fund	Total
\$ 109,286	\$ 152,144
12,605	12,605
-	39,159
121,891	203,908
-	2,998
3,787	9,393
3,787	12,391
118,104	191,517
\$ 121,891	\$ 203,908

SILVER CREEK TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
MARCH 31, 2004

	Liquor Fund	Housing Rehabilitation Fund	Building Department Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
State grants	1,925	-	-
Building related permits	-	-	62,929
Interest	89	-	366
Other	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	2,014	-	63,295
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Public safety	33,500	-	-
Inspections	-	-	50,931
Grants and administration	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	33,500	-	50,931
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(31,486)	-	12,364
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Operating transfers	20,000	-	-
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(11,486)	-	12,364
	<hr/>	<hr/>	<hr/>
FUND BALANCE, beginning of year	5,093	39,159	28,283
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	<u>\$ (6,393)</u>	<u>\$ 39,159</u>	<u>\$ 40,647</u>

The accompanying notes are an integral part of these financial statements.

Fire and Ambulance Fund	Total
\$ 187,051	\$ 187,051
-	1,925
-	62,929
697	1,152
-	-
<u>187,748</u>	<u>253,057</u>
180,530	214,030
-	50,931
-	-
<u>180,530</u>	<u>264,961</u>
7,218	(11,904)
-	20,000
<u>7,218</u>	<u>8,096</u>
<u>110,886</u>	<u>183,421</u>
\$ 118,104	\$ 191,517

SILVER CREEK TOWNSHIP
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS
MARCH 31, 2004

	Sewer Fund	Dewey Lake Weed Harvester	Total
ASSETS			
Cash	\$ 941,295	\$ -	\$ 941,295
Investments	74,925	-	74,925
Receivables			
Due from other governments	9,038	-	9,038
Special assessments	199,323	-	199,323
Other	11,155	-	11,155
Property and equipment - net	1,698,188	-	1,698,188
TOTAL ASSETS	<u>2,933,924</u>	<u>-</u>	<u>2,933,924</u>
LIABILITIES			
Accounts payable	-	-	-
Due to other funds	322	-	322
Due to other governments	-	-	-
Contract payable - current	100,000	-	100,000
Contract payable - non-current	434,712	-	434,712
TOTAL LIABILITIES	<u>535,034</u>	<u>-</u>	<u>535,034</u>
FUND EQUITIES			
Retained earnings	(257,581)	-	(257,581)
Contributed capital	2,656,471	-	2,656,471
TOTAL FUND EQUITIES	<u>2,398,890</u>	<u>-</u>	<u>2,398,890</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,933,924</u>	<u>\$ -</u>	<u>\$ 2,933,924</u>

The accompanying notes are an integral part of these financial statements.

SILVER CREEK TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - ALL ENTERPRISE FUNDS
YEAR ENDED MARCH 31, 2004

	Sewer Fund	Dewey Lake Weed Harvester	Total
OPERATING REVENUES:			
Charges and fees	\$ 103,932	\$ -	\$ 103,932
OPERATING EXPENSES:			
Billing and monitoring service	66,493	-	66,493
Sewer disposal service	18,336	-	18,336
Miscellaneous	27	-	27
Electric	2,928	-	2,928
Telephone	2,388	-	2,388
Clerical	1,000	-	1,000
Legal	-	-	-
Labor	-	-	-
Repair	4,728	-	4,728
Supplies and postage	29	-	29
Audit	-	-	-
Insurance	2,516	-	2,516
Contractor services	2,846	-	2,846
Maintenance	-	-	-
Fuel	-	-	-
Payroll taxes	-	-	-
Depreciation	62,887	-	62,887
Total operating expenses	164,178	-	164,178
Operating income (loss)	(60,246)	-	(60,246)
NONOPERATING REVENUES AND EXPENSES:			
Gain on disposal of net assets	-	-	-
Investment income	44,826	-	44,826
Interest expense	(54,453)	-	(54,453)
Net income (loss)	(69,873)	-	(69,873)
Retained earnings, beginning of year	(187,708)	-	(187,708)
Retained earnings, end of year	<u>\$ (257,581)</u>	<u>\$ -</u>	<u>\$ (257,581)</u>

The accompanying notes are an integral part of these financial statements.

**SILVER CREEK TOWNSHIP
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES -
ALL TRUST AND AGENCY FUNDS**

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
CURRENT TAX COLLECTION FUND				
Cash	\$ 2,202	\$ 4,843,126	\$ 4,845,328	\$ -
Due to other Taxing units	\$ 2,202	\$ 4,843,126	\$ 4,845,328	\$ -
TRUST AND AGENCY FUND				
Cash	\$ 755	\$ 85,623	\$ 85,110	\$ 1,268
Due to other Funds Taxing units	\$ - 755	\$ - 85,623	\$ - 85,110	\$ - 1,268
	\$ 755	\$ 85,623	\$ 85,110	\$ 1,268
TOTAL - ALL TRUST AND AGENCY FUNDS				
Cash	\$ 2,957	\$ 4,928,749	\$ 4,930,438	\$ 1,268
Due to other Funds Taxing units	\$ - 2,957	\$ - 4,928,749	\$ - 4,930,438	\$ - 1,268
	\$ 2,957	\$ 4,928,749	\$ 4,930,438	\$ 1,268

The accompanying notes are an integral part of these financial statements.